Minimum wage workers

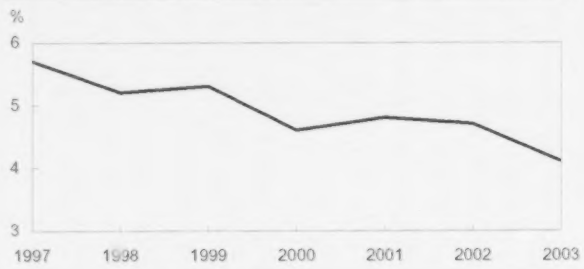
Deborah Sussman and Martin Tabi

They are young. They are single. They are students. They work part time, many in retail stores and restaurants. They are sons and daughters living at home, working to finance their education and other expenses. Less frequently they are middle-aged, married, or working full time. Some are men and women trying to support their families, while others are older workers looking to supplement their pension. Together, they make up the 547,000 people (about 4% of the paid workforce) who worked for minimum wage or less in 2003 (Chart A).

Minimum wage legislation is one of Canada's oldest social policies. Originating in New Zealand, Australia and Great Britain, it was introduced in Canada in the early part of the 20th century as part of an effort to promote fairer treatment of the most vulnerable employees—namely, women and children. It was later extended to men. Eventually, all provinces enacted minimum wage legislation as employment standards became more widespread (HRDC 2001).

Over the years, minimum wage legislation has become the subject of considerable debate, primarily revolving around whether current rates are too low or too high. On the one hand, some argue that the minimum wage should be increased as an important policy tool for addressing wage inequalities as well as an essential element in helping to meet anti-poverty and social welfare goals. By this reasoning, the minimum wage should be set at a rate where basic needs may be adequately met (Battle 2003; Goldberg and Green 1999; Black and Shaw 1998). On the other hand, the argument is that a minimum wage is a 'killer of jobs' and a 'passport to poverty,' since too high a minimum wage can artificially increase the cost of labour, often

Chart A: The proportion of employees earning minimum wage has fallen steadily since 1997.



Source: Labour Force Survey

to the detriment of the very people it is designed to help (Law 1999). Increases in the minimum wage would reduce the demand for workers (as firms find substitutes for the now more costly labour input) and might also increase the supply of workers (as some would be encouraged to consider jobs that they would previously not have found attractive), resulting in reduced employment and increased unemployment rates (Sarlo 2000; Law and Mihlar 1998; Shannon and Beach 1995).[1]

Both these arguments rely in part on the prevailing socio-political climate, as well as on the characteristics of the minimum wage workers themselves and the types of jobs they hold. This study examines the latter, looking at which workers might be affected by a change in the minimum wage.

As implied, the minimum wage is the lowest rate an employer can pay employees covered by the legislation (see *Data source and definitions*).[2] Minimum wage legislation is by no means static. Since 1997, over 30 increases in minimum wage rates have been recorded across the provinces. In 2002 alone, seven provinces raised their minimum wage, as did four in 2003.[3]

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In this article, minimum wage workers are those working for the 'minimum wage for experienced adult workers' (or the 'general adult rate') set by their province. Those who earn less are also included. Hourly earnings below the set minimum do not necessarily indicate violations of the legislation; they may instead reflect workers who are either exempt from the legislation or subject to lower minimum wage rates. One such special category covers young workers. This is of particular interest given the significant presence of young people among minimum wage workers. Although there has been a marked trend towards their repeal, youth rates still exist in Ontario.[4] And in Newfoundland and Labrador, the general adult rate does not apply to workers under 16 years of age. These young workers are not strictly minimum wage workers but are included here for simplicity.[5]

Lowest proportion in Alberta

In 2003, some 547,000 people worked at or below the minimum wage set by their province: 4.1% of employees, down from 5.7% in 1997. In 2003, minimum wage rates ranged from a high of $8.00 per hour in British Columbia to a low of $5.90 in Alberta (Table 1). The latter rate has remained unchanged since October 1999. Alberta also had the lowest proportion of employees working at or below minimum wage (1.1%), while Newfoundland and Labrador had the highest (8.5%). The relatively high proportion in Newfoundland and Labrador may be due in part to less favourable labour market conditions, given an unemployment rate of 16.7% in 2003, more than double the national rate of 7.6%. Similarly, comparatively more favourable market conditions in Alberta may have contributed to the low proportion in that province (an unemployment rate of 5.1% in 2003). That is, more opportunities in Alberta may have translated into greater bargaining power for workers (Statistics Canada 1998). However, high unemployment rates are not necessarily associated with a greater proportion of workers receiving minimum wage or less. For example, Prince Edward Island had the second-highest unemployment rate in 2003 (11.1%), yet its proportion of minimum wage workers (3.8%) was slightly less than the national average. This suggests that other factors such as industry composition, part-time rate, the economic cycle, and legislation play a role.

Part of the disparity in provincial incidence of working for minimum wage may be attributed to the variation in minimum wage rates (or general adult rates).[6] If a universal threshold of $8.00 had been used (the highest provincial rate), some 1.6 million workers would have been below that rate in 2003, about 12% of employees. By far the lowest proportion of employees earning $8.00 or less would have been in British Columbia (5.6%), while Newfoundland and Labrador would have had the highest (25.0%). Ontario (11.2%) and Alberta (12.5%) would have remained among the provinces with the lowest proportions; however, New Brunswick (19.3%) and

Table 1: Employees earning minimum wage or less

	Total employees	Minimum wage		General adult minimum wage*	Unemployment rate	Workers earning $8.00/hour or less
		Total	Incidence			
	'000	'000	%	$/hour	%	%
Province						
Newfoundland and Labrador	190.5	16.1	8.5	6.00 (November 2002)	16.7	25.0
Nova Scotia	379.2	21.9	5.8	6.25 (October 2003)	9.3	18.9
British Columbia	1,639.7	92.1	5.6	8.00 (November 2001)	8.1	5.6
Quebec	3,165.0	161.9	5.1	7.30 (February 2003)	9.1	11.6
Saskatchewan	386.5	19.1	4.9	6.65 (November 2002)	5.6	17.9
Manitoba	478.2	22.1	4.6	6.75 (April 2003)	5.0	15.2
Canada	**13,333.2**	**547.0**	**4.1**	...	**7.6**	**11.7**
New Brunswick	303.2	12.3	4.1	6.00 (August 2002)	10.6	19.3
Prince Edward Island	58.0	2.2	3.8	6.25 (January 2003)	11.1	20.0
Ontario	5,319.4	184.3	3.5	6.85 (January 1995)	7.0	11.2
Alberta	1,413.6	15.1	1.1	5.90 (October 1999)	5.1	12.5

Source: Labour Force Survey, 2003
** (Month in which the rate became effective.)*

Prince Edward Island (20.0%) would have been among those with the highest (Table 1). In other words, the ranking of provinces shifts drastically according to the wage threshold chosen.

Most are women

Women are more likely than men to be working for minimum wage. In 2003, women accounted for almost two-thirds of minimum wage workers, yet they made up just under half of employees (Table 2)—hence their higher rate of working for minimum wage (1 in 20 women compared with 1 in 35 men). This overrepresentation of women existed in all age groups, with rates for women being almost double those for men. This may be a function of some of the occupations held by women that are associated with lower wages.

Table 2: Minimum wage workers by age and sex

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Both sexes			
15 and over	13,333.2	547.0	4.1
15 to 19	864.5	260.0	30.1
20 to 24	1,433.7	84.1	5.9
25 to 34	3,104.7	60.1	1.9
35 to 44	3,530.9	57.2	1.6
45 to 54	3,017.3	50.4	1.7
55 and over	1,382.2	35.2	2.5
Men			
15 and over	6,819.9	198.5	2.9
15 to 19	433.9	103.5	23.9
20 to 24	729.6	32.8	4.5
25 to 34	1,619.3	20.7	1.3
35 to 44	1,800.8	14.7	0.8
45 to 54	1,500.5	14.3	1.0
55 and over	735.9	12.4	1.7
Women			
15 and over	6,513.3	348.5	5.4
15 to 19	430.6	156.5	36.3
20 to 24	704.1	51.3	7.3
25 to 34	1,485.3	39.4	2.7
35 to 44	1,730.1	42.4	2.5
45 to 54	1,516.8	36.1	2.4
55 and over	646.2	22.8	3.5

Source: Labour Force Survey, 2003

Age a major factor

Teenagers between the ages of 15 and 19 had by far the highest rate of working for minimum wage—almost 1 in 3 (Table 2). Indeed, nearly half of all minimum wage workers were 15 to 19, with a large majority (77%) attending school either full time or part time. Another 15% were between 20 and 24, with many of them (44%) students.[7]

Students with summer jobs in particular were more likely to be working for minimum wage (1 in 5) than others the same age (1 in 7).[8] Indeed, although only 45% of those 15 to 24 employed in the summer were students, they made up 71% of youths working for minimum wage during that time. The growing financial burden of postsecondary education likely encourages many students to take jobs, particularly during the summer months, to help finance their educational and other expenses. However, young workers often lack the job experience or education to command higher wages, or are interested in only short-term employment, leading many of them to accept minimum wage jobs (Statistics Canada 1998).

In sum, almost two-thirds of minimum wage workers were under 25, compared with only 17% of all employees. This translates into an incidence rate for this age group more than eight times that of those 25 and older. The prevalence of teenagers and young adults among minimum wage workers reflects the characteristics associated with minimum-wage work. These include lower levels of education, service-sector jobs, part-time work, and shorter job tenure.

Although the incidence of working for minimum wage declined sharply with age, it rose slightly among those 55 and older (Table 2). This suggests that some older workers may be working to supplement their pension income or to stay active. Working seniors tend to be concentrated in certain occupations, some of which are associated with lower wages. These occupations include retail salespersons and sales clerks; general office clerks; janitors, caretakers and building superintendents; babysitters, nannies and parent's helpers; and light duty cleaners (Duchesne 2004).

In addition, a sizeable portion (31%) of minimum-wage workers were between the ages of 25 and 54, many of them women (Chart B). This may reflect the tendency for some women to work part time, often at a lower paid job, perhaps enabling some to balance paid work with childcare and other family

Table 3: Minimum wage workers by selected characteristics

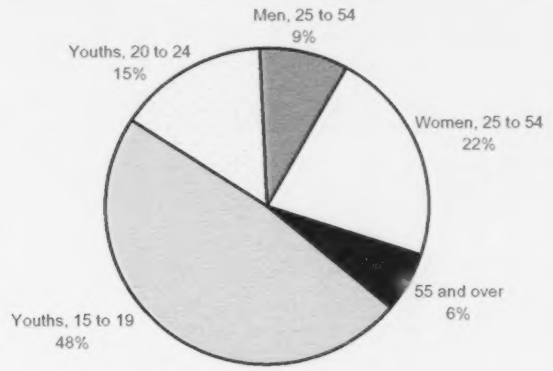
	Teenagers and young adults			Individuals 25 and over		
	Total employees	Minimum wage		Total employees	Minimum wage	
		Total	Incidence		Total	Incidence
	'000	'000	%	'000	'000	%
Total	**2,298.2**	**344.1**	**15.0**	**11,035.1**	**202.9**	**1.8**
Education						
Less than high school	617.5	174.0	28.2	1,334.4	49.4	3.7
Less than grade 9	35.7	9.4	26.3	355.2	21.0	5.9
Some high school	581.9	164.6	28.3	979.2	28.4	2.9
High school graduate	533.3	61.8	11.6	2,212.4	47.4	2.1
At least some postsecondary	1,147.4	108.3	9.4	7,488.3	106.3	1.4
Some postsecondary	530.2	74.0	14.0	843.2	18.9	2.2
Postsecondary certificate or diploma	488.1	27.8	5.7	4,059.4	56.8	1.4
University degree	129.1	6.5	5.0	2,585.7	30.6	1.2
Industry						
Agriculture	39.7	7.1	17.9	80.5	5.3	6.6
Forestry, fishing, mining, oil and gas	27.3	F	F	211.8	1.9	0.9
Utilities	6.7	F	F	124.7	F	F
Construction	108.6	1.8	1.7	535.3	5.1	1.0
Manufacturing	227.6	7.1	3.1	1,976.6	13.6	0.7
Trade	652.3	131.1	20.1	1,507.1	42.7	2.8
Transportation and warehousing	51.3	2.0	3.9	577.3	9.0	1.6
Finance, insurance, real estate and leasing	87.6	7.1	8.1	701.1	10.6	1.5
Professional, scientific and technical	73.8	3.7	5.0	579.1	5.0	0.9
Business, building and other support*	102.5	6.9	6.7	366.1	9.3	2.5
Educational services	72.0	6.2	8.6	929.1	11.7	1.3
Health care and social assistance	129.7	8.0	6.2	1,351.9	17.8	1.3
Information, culture and recreation	156.5	26.0	16.6	439.0	6.0	1.4
Accommodation and food	420.6	118.9	28.3	500.8	40.9	8.2
Other services	85.6	12.5	14.6	396.1	19.8	5.0
Public administration	56.3	4.5	8.0	758.6	3.7	0.5
Full-time/part-time status						
Full-time	1,259.2	86.9	6.9	9,634.3	132.5	1.4
Men	722.7	36.8	5.1	5,381.3	48.4	0.9
Women	536.5	50.1	9.3	4,253.0	84.1	2.0
Part-time	1,039.0	257.2	24.8	1,400.7	70.4	5.0
Men	440.8	99.5	22.6	275.2	13.8	5.0
Women	598.2	157.8	26.4	1,125.5	56.6	5.0
Job tenure						
1 to 3 months	459.9	90.3	19.6	506.0	23.0	4.5
4 to 6 months	347.0	64.6	18.6	503.9	21.0	4.2
7 to 12 months	404.9	71.8	17.7	751.7	24.9	3.3
13 to 60 months	999.8	112.7	11.3	3,473.6	69.5	2.0
61 or more months	86.6	4.8	5.5	5,799.9	64.4	1.1

Source: Labour Force Survey, 2003

* *Previously called management of companies, administrative and other support services.*

responsibilities. It may also be that a number of workers spend their working lives in a series of minimum wage jobs (Carrington and Fallick 2001). For this group, minimum wages are not merely a transitory phenomenon, and these individuals may require particular attention in any efforts aimed at improving their financial situation.

Chart B: People under 25 and women 25 to 54 accounted for 85% of minimum wage workers.



Source: Labour Force Survey, 2003

Education makes a difference

Working for minimum wage or less was much more prevalent among those with less than a high school diploma (1 in 9) than among those with at least some postsecondary training (1 in 40) (Table 4). In fact, 41% of all minimum wage workers did not have a high school diploma compared with only 15% of all employees. This would explain the high rates of minimum wage work among young people, many of whom have not yet completed their studies. Removing teenagers and young adults confirms the role education plays in minimum wage work. Indeed, among those 25 and over (who presumably have completed their first cycle of formal education), those who had not completed high school were still more likely to be working for minimum wage than those who had a high school diploma and those with some postsecondary education (Table 3).

Where do they work?

Almost all minimum wage workers were employed in the service sector. Accommodation and food services, in particular, had the highest incidence, with 1 in 6 working at or below minimum wage (Table 5). Working for minimum wage was also prevalent in trade (1 in 12). These industries are characterized by high concentrations of youth and part-time workers. Both groups tend to have less work experience and weaker attachment to the labour force, making them prime candidates for low-paying jobs. These industries often do not require specialized skills and training or a postsecondary education. Low levels of unionization may also account for lower wages. Women are also highly present in these industries, where many jobs are likely to be part-time.

Agriculture also had a relatively high incidence of minimum wage (1 in 10). Farm labour has traditionally been excluded from minimum wage provisions, and workers in this industry are often not unionized. However, they do sometimes benefit from non-wage remuneration such as free room and board (Akyeampong 1989). Another benefit may include some spouses of unincorporated farmers being paid a nominal wage as a tax deductible business expense. Following a change in tax legislation allowing owners of unincorporated businesses to claim a spousal employee's wages as a deduction, the number of women employees in agriculture rose markedly while unpaid family workers decreased (Duchesne 1989).[9]

In contrast, manufacturing, public administration and construction were among industries with the lowest rates of minimum wage workers. This is not surprising since they represent some of the most highly unionized industries (Akyeampong 2003).

Table 4: Minimum wage workers by educational attainment

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Education	**13,333.2**	**547.0**	**4.1**
Less than high school	1,951.9	223.3	11.4
Less than grade 9	390.8	30.3	7.8
Some high school	1,561.1	193.0	12.4
High school graduate	2,745.7	109.1	4.0
At least some postsecondary	8,635.6	214.6	2.5
Some postsecondary	1,373.3	93.0	6.8
Postsecondary certificate or diploma	4,547.5	84.6	1.9
University degree	2,714.8	37.0	1.4

Source: Labour Force Survey, 2003

A slightly different picture emerges when age is factored in. Among teenagers and young adults, about 1 in 4 working in the accommodation and food services earned minimum wage or less (Table 3). This was also the case for 1 in 5 in trade, and 1 in 6 in agriculture. Among workers 25 and over, those in accommodation and food services were the most likely to be earning minimum wage or less (1 in 12), followed by those in agriculture (1 in 15), and in trade (1 in 35).

Part-time jobs prominent

Part-time employment (less than 30 hours per week) is another notable feature of minimum wage work, with a rate almost seven times higher than full-time (Table 6). In fact, 60% of minimum wage workers worked part time, compared with less than 20% of all employees (Chart C).

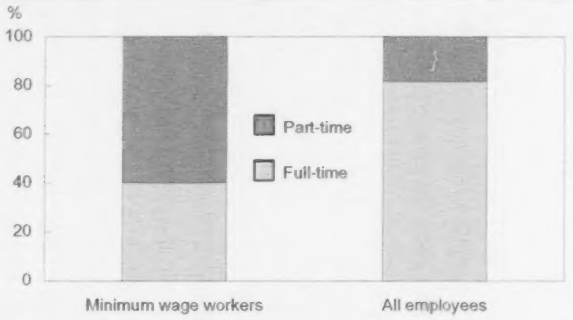
Part-time was even more apparent among teenagers and young adults. This group made up almost four-fifths of all part-time minimum wage workers, reflecting the large number of students among the ranks. Indeed, the vast majority of young minimum wage workers worked part time because they were attending school. In relative terms, almost 1 in 4 young people working part time earned minimum wage. This rate was higher among women than men.

By contrast, only one-third of minimum wage workers 25 and older worked part time. These workers cited economic reasons (business conditions, could not find full-time work), personal preference, and personal or family responsibilities as the main reasons.

Most jobs are short-term

More than half of all minimum wage workers had been in their current job for no more than one year, compared with only 22% of all employees (Table 7). Many of these jobs are occupied by students and other young people at the start of their careers. With more education and experience, these workers move into better paying jobs. Indeed, working for minimum wage was most prevalent among those who had been at their job for three months or less (1 in 9), and least common among those who had been there for more than five years (1 in 80). Again, the pattern holds for those 25 and over (Table 3).

Chart C: Almost 60% of minimum wage workers worked part time, compared with less than 20% of all employees.



Source: Labour Force Survey, 2003

Table 5: Minimum wage workers by industry

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Industry	**13,333.2**	**547.0**	**4.1**
Goods-producing	**3,338.7**	**43.6**	**1.3**
Agriculture	120.2	12.4	10.3
Forestry, fishing, mining, oil and gas	239.0	3.1	1.3
Utilities	131.4	F	F
Construction	643.9	6.9	1.1
Manufacturing	2,204.2	20.7	0.9
Service-producing	**9,994.5**	**503.4**	**5.0**
Trade	2,159.5	173.8	8.0
Transportation and warehousing	628.7	11.0	1.7
Finance, insurance, real estate and leasing	788.7	17.7	2.2
Professional, scientific and technical	652.8	8.7	1.3
Business, building and other support*	468.6	16.2	3.5
Education	1,001.1	17.9	1.8
Health care and social assistance	1,481.6	25.8	1.7
Information, culture and recreation	595.6	32.0	5.4
Accommodation and food	921.5	159.8	17.3
Other	481.6	32.3	6.7
Public administration	814.9	8.2	1.0

Source: Labour Force Survey, 2003
* *Previously called management of companies, administrative and other support services.*

Table 6: Minimum wage workers by full-time/ part-time status

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Total	**13,333.2**	**547.0**	**4.1**
Men	6,819.9	198.5	2.9
Women	6,513.3	348.5	5.4
Full-time	**10,893.5**	**219.4**	**2.0**
Men	6,104.0	85.2	1.4
Women	4,789.5	134.1	2.8
Part-time	**2,439.7**	**327.7**	**13.4**
Men	716.0	113.3	15.8
Women	1,723.7	214.4	12.4

Source: Labour Force Survey, 2003

Employed by both large and small firms but rarely unionized

Almost equal numbers of minimum wage workers were employed by large firms (more than 500 employees) and small firms (less than 20 employees). Together they accounted for three-quarters of all minimum wage workers in 2003 (Table 7). The incidence of working for minimum wage, however, was highest among workers in small firms (1 in 13). This likely stems from lower unionization rates and weaker bargaining power found in smaller firms—only 8% of minimum wage workers were covered by a collective agreement, compared with 32% of all employees. Indeed, only 1 in 90 union members worked for minimum wage or less, compared with 1 in 20 non-union members. The large number of part-time workers, students and other young people working for minimum wage, combined with their sizeable presence in smaller firms, tends to inhibit the ability of these workers to organize and thereby command better wages (Akyeampong 1989).

Most live with parents

Since most Canadians belong to families, an individual earning minimum wage or less is not necessarily economically disadvantaged. However, low wages for the primary wage-earner could affect the economic well-being of all family members. A closer look at the family status of minimum wage workers provides insight into the earning power (or lack thereof) of the family as a whole.

Almost two-thirds of all minimum wage workers in 2003 lived with parents or other family members (Table 8), again reflecting the large number of minimum wage workers under 25 and in school. This is often a temporary situation until the completion of education and the accumulation of experience. The incidence of working for minimum wage in this group was three times the overall rate. Indeed, sons, daughters and other relatives living with family had some of the highest rates, particularly those under 20 and those attending school.

One-quarter of all minimum wage workers were part of a couple. However, the incidence rate for this group was only 1 in 60. More than three-quarters had employed spouses, most earning more than minimum wage. This may in part reflect women who take lower-paying part-time work while caring for young children (Statistics Canada 1998).

Table 7: Minimum wage workers by job tenure, firm size and union coverage

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Job tenure	**13,333.2**	**547.0**	**4.1**
1 to 3 months	965.9	113.3	11.7
4 to 6 months	850.9	85.6	10.1
7 to 12 months	1,156.6	96.7	8.4
13 to 60 months	4,473.4	182.2	4.1
61+ months	5,886.5	69.2	1.2
Firm size	**13,333.2**	**547.0**	**4.1**
Less than 20 employees	2,627.8	199.7	7.6
20 to 99 employees	2,153.6	89.1	4.1
100 to 500 employees	1,928.9	48.8	2.5
More than 500 employees	6,623.0	209.4	3.2
Union membership	**13,333.2**	**547.0**	**4.1**
Union member or covered by collective agreement	4,318.6	45.7	1.1
Non-member and not covered by collective agreement	9,014.6	501.3	5.6

Source: Labour Force Survey, 2003

Data source and definitions

The **Labour Force Survey** (LFS) is a monthly household survey of about 54,000 households across Canada. Demographic and labour force information is obtained for all civilian household members 15 years of age and older. Excluded are residents of institutions, persons living on Indian Reserves, and residents of the Territories.

Every province and territory stipulates a minimum wage in its employment standards legislation. It is an offence for employers to pay eligible employees less than the set rate, regardless of how remuneration is calculated (hourly, daily, weekly, monthly, or on a piecework basis). Likewise, employees are prohibited from accepting pay that is less than the applicable minimum. The minimum wage rate varies from province to province, and a change can become effective in any month of the year. For example, effective May 1, 2002, Newfoundland and Labrador raised its minimum wage rate to $5.75. This was followed shortly by an increase to $6.00, effective November 1, 2002.

The self-employed are not covered by minimum wage legislation and as such are not included in the analysis. Unpaid family workers are also excluded.

Other exclusions and special coverage provisions vary and include young workers (Ontario and Newfoundland and Labrador), workers with disabilities (Alberta, Manitoba and Saskatchewan; rarely used), domestic and live-in care workers (New Brunswick, Prince Edward Island, Manitoba and Quebec), farm labour (Alberta, Manitoba, Ontario and Saskatchewan), and home-based workers (for example, teleworkers, and pieceworkers in the clothing and textile industry). Other specific minimum wage rates cover non-hourly and tip-related wage rates (for example, Ontario sets a minimum wage rate of $5.95 for employees who serve alcoholic beverages in licensed establishments). A more complete description of exclusions and special rates is available from Human Resources and Development Canada's database on minimum wages—Internet: www110.hrdc-drhc.gc.ca/psait_spila/lmnec_eslc/eslc/salaire_minwage/intro/index.cfm/doc/english.

The number of employees working for minimum wage was calculated using the applicable **minimum wage for experienced adult workers** (also known as the **general adult rate**) for each province for each month of 2003. The average of these 12 monthly observations provides the annual estimate for each province, while the total for Canada is the sum of the provincial estimates.

The annual average of the monthly minimum wage rates was not chosen since it would lead to over/under coverage resulting from the inclusion/exclusion of employees whose hourly earnings were slightly above or below the actual minimum wage rate applicable in a given month. In addition, the use of one month to represent the whole year was not selected in order to control for fluctuations in highly seasonal industries and those dependent on minimum wage work such as accommodation and retail sales. Moreover, because a change in the minimum wage rate can occur at any point within the year, choosing one month could fail to capture the month in which a change in the minimum wage rate became effective.

To determine whether an employee worked at or below the general adult rate wage for each province, hourly earnings were calculated using the reported wage or salary before taxes and other deductions. If the wage or salary including tips, commissions and bonuses was reported hourly, it was used directly. Other wage rates were converted to an hourly rate using the usual weekly hours of work. In principle, tips, commissions and bonuses should have been excluded to capture only those whose true base hourly wage was at or below the provincial general adult rate, but the required information is not collected. The result is a slight downward bias in the number of paid workers working at or below the official general adult rate set by each province. However, none of the exclusions or special minimum wage rates (such as special minimum wage rates for tip earners and young workers) were used, which introduces an upward bias.

Of particular interest are the 27,000 heads of family with no spouse, working at or below minimum wage. Although they make up only a small proportion of all minimum wage workers (5%) and are no more likely to be earning minimum wage than other individuals (1 in 30 versus 1 in 25), almost all had at least one child under the age of 18 to support. Additionally, some 31,000 minimum wage workers had a spouse who was not employed. While their incidence rate is not alarming, as sole family providers (and barring income from other sources), these individuals would be hard-pressed to support more than one person. Another 28,000 minimum wage workers living alone may also have had difficulty supporting themselves.

Summary

Minimum wage legislation continues to generate heated debate among supporters and detractors alike. Although both sides agree that the needs of those at the bottom end of the wage scale should be addressed, they disagree on how it should be accomplished. To evaluate the effects of a change to the minimum wage, it is important to understand who these minimum wage workers are and the types of jobs they hold.

In 2003, some 547,000 workers worked at or below the minimum wage set by their province. Overall, more women, young people, students and part-time

Table 8: Minimum wage workers by family status

	Total employee	Minimum wage	
		Total	Incidence
	'000	'000	%
Total	**13,333.2**	**547.0**	**4.1**
Member of a couple	**7,901.1**	**137.3**	**1.7**
Spouse not employed	1,543.8	31.0	2.0
Spouse unemployed	343.1	8.7	2.5
Spouse not in the labour force	1,200.7	22.3	1.9
Less than 55	804.9	12.1	1.5
55 and over	395.8	10.2	2.6
Spouse employed	6,357.3	106.3	1.7
Earning minimum wage or less	84.2	5.6	6.7
Earning more than minimum wage	5,394.0	79.3	1.5
Self-employed	879.1	21.4	2.4
Head of family, no spouse present	**824.3**	**27.0**	**3.3**
Youngest child less than 18	702.3	24.3	3.5
No children, or children 18 or older	122.1	2.8	2.3
Son, daughter or other relative living with family	**2,667.4**	**332.4**	**12.5**
15 to 19, in school	468.7	163.4	34.9
15 to 19, not in school	339.7	84.4	24.8
20 to 24, in school	233.4	23.2	9.9
20 to 24, not in in school	631.2	34.0	5.4
25 or over, in school	53.6	3.2	6.0
25 or over, not in school	940.7	24.2	2.6
Unattached individual	**1,940.4**	**50.4**	**2.6**
Living alone	1,314.8	28.0	2.1
15 to 24	95.1	5.3	5.6
25 to 54	1,031.0	16.4	1.6
55 and over	188.7	6.3	3.3
Living with non-relatives	625.5	22.4	3.6
15 to 24	179.2	10.8	6.0
25 to 54	421.6	10.5	2.5
55 and over	24.8	F	F

Source: Labour Force Survey, 2003

workers are minimum wage workers. They are concentrated in accommodation, food and trade industries, and in large and small firms. They are rarely unionized and tend to hold these jobs for less than a year. Most live with parents or other relatives.

Nevertheless, a sizeable proportion of minimum wage workers are in their core working years (25 to 54) and work full time. Also of interest are minimum wage workers who are the sole employed household member, particularly those responsible for a spouse, at least one child under 18, or both. These workers in particular may find it hard to make ends meet.

Perspectives

Notes

1 This model assumes the existence of competitive markets for labour and the absence of market power in the determination of wages. That is, it presumes that both employers and workers are wage takers and that the equilibrium wage rate is determined by the equality of the cumulative demand for workers and the availability of workers with the necessary qualifications. This argument has been challenged empirically, most notably by Card and Krueger (1994) in their case study of the fast food industry in New Jersey and Pennsylvania. That study found no evidence that the rise in New Jersey's minimum wage reduced employment at fast-food restaurants in the state. In fact, the increase in the minimum wage increased employment. Moreover, meal prices increased in New Jersey relative to Pennsylvania (where the minimum wage was constant), suggesting that much of the burden of the minimum wage increase was passed on to consumers.

2 Since December 1996, the minimum wage rate applicable to workers under federal jurisdiction has been the general adult minimum wage rate of the province or territory where the work is performed.

3 Several provinces have scheduled increases to their minimum wage rates for 2004, and some have planned increases even further into the future. Prince Edward Island has scheduled increases to $6.50, effective January 1, 2004 and $6.80, January 1, 2005; Nova Scotia, $6.50, April 1, 2004; New Brunswick, $6.20, January 1, 2004; Manitoba, $7.00, April 1, 2004; Quebec, $7.45, May 1, 2004; $7.60, May 1, 2005; and Ontario, $7.15, February 1, 2004; $7.45, February 1, 2005; $7.75, February 1, 2006; and $8.00, February 1, 2007. (Ontario's minimum wage had remained unchanged since 1995.)

4 Ontario has a special minimum wage rate of $6.40 for students under 18 working up to 28 hours a week or during a school holiday. In 2003, there were approximately 50,000 such students whose hourly earnings fell below the general adult rate but were above or equal to the student minimum wage rate.

5 None of the other exclusions or special rates were used in the estimation of minimum wage workers in this paper. See *Data source and definitions* for a more complete discussion.

6 Another factor is the minimum wage differential for special categories of workers such as students and tip earners and other exceptions, which also differ across provinces. For example, Ontario's minimum wage legislation specifies a special minimum wage rate of $6.40 for students under the age of 18 working up to 28 hours a week or during a school holiday. Removing these individuals would result in a provincial rate of 2.5% versus 3.5% using the general adult rate.

7 The student estimate is based on an eight-month average (January to April and September to December, 2003).

8 The estimate for students with summer jobs is based on an average of the summer months (May to August, 2003) and refers to students working in the summer but planning to return to school full time in the fall.

9 Prior to 1980, this deduction was available only to owners of incorporated businesses. Several conditions must be met: The spouse must actually be paid a wage or salary; the work done must be necessary to produce income; if the spouse were not employed, the work would have to be performed by hired help; and the wages paid must be reasonable.

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